

Members

Rep. David Niezgodski, Chairperson
Rep. Win Moses
Rep. Woody Burton
Rep. Rich McClain
Sen. Dennis Kruse
Sen. R. Michael Young
Sen. Karen Tallian
Sen. Robert Deig
Steve Meno
Kip White
Randall Novak
Matthew Buczolic



PENSION MANAGEMENT OVERSIGHT COMMISSION

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Authority: IC 2-5-12-1

MEETING MINUTES¹

Meeting Date: October 15, 2008
Meeting Time: 1:00 P.M.
Meeting Place: State House, 200 W. Washington St.,
Supreme Court Chamber
Meeting City: Indianapolis, Indiana
Meeting Number: 4

Members Present: Rep. David Niezgodski, Chairperson; Sen. Dennis Kruse; Sen. R. Michael Young; Sen. Robert Deig; Steve Meno; Kip White; Randall Novak; Matthew Buczolic.

Members Absent: Rep. Win Moses; Rep. Rich McClain; Sen. Karen Tallian; Rep. Woody Burton.

The fourth meeting of the Pension Management Oversight Commission was convened by the Chair at 1:15 p.m. The Chair led in the Pledge of Allegiance. A moment of silence was observed in memory of the brother of former Commission member Representative Larry Buell.

Removal of Age 55 for Early Retirement

This agenda item was carried over from the October 2nd meeting of the Commission. Mr. David Larson of the Indiana State Employees Association (ISEA) addressed the Commission. Mr. Larson said that age 55 is reverse discrimination against younger workers. Mr. Larson proposed amending IC 5-10.2-4-1, the elimination of the age 55 requirement. Mr. Larson distributed an explanation of his proposal. The staff distributed the fiscal impact of the proposal. These documents are part of Exhibit 1.

The Commission recommended by a vote of 8-0 to defer this item until next year's Commission for consideration.

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.in.gov/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

Mr. Phil Conklin of the Retired Indiana Public Employees Association (RIPEA) concurred in the recommendation.

Ms. Nancy Pappas of the Indiana State Teachers Association (ISTA) spoke in opposition to the recommendation, telling the Commission that there is time this year to consider the proposal.

Preliminary Draft (PD) 3324 - Disability Benefits for the 1977 Police Officers' and Firefighters' Pension and Disability Fund

Copies of PD 3324, along with a summary of the proposal, a proposed amendment, and the fiscal impact were distributed to Commission members. These documents are part of Exhibit 2.

The Commission, by a vote of 8-0, recommended PD 3324, as amended, for introduction in the 2009 session of the General Assembly.

PD 3347 - Purchase of Military Service Credit for the 1977 Police Officers' and Firefighters' Pension and Disability Fund

Mr. Doug Todd, actuary for the 1977 Police Officers' and Firefighters' Pension and Disability Fund, told the Commission that PD 3347 is actuarially neutral. Copies of PD 3347 were distributed to the Commission (Exhibit 3).

The Commission, by a vote of 8-0, recommended PD 3347 for introduction in the 2009 session of the General Assembly.

PD 3320 - Chaplain Eligibility for Line-of-Duty Death Benefits

Copies of PD 3320 were distributed to the Commission (Exhibit 4).

The Commission, by a vote of 8-0, recommended PD 3320 for introduction in the 2009 session of the General Assembly.

PD 3328 - Prosecuting Attorneys' Retirement Fund (PARF) Issues

Copies of PD 3328, along with the fiscal impact, a summary of PD 3328, and the fiscal impact for the proposed increase of \$2 in the court administration fee were distributed to the Commission. These documents are contained in Exhibit 5.

Mr. Steve Johnson, Executive Director of the Indiana Prosecuting Attorney's Council, suggested a delay of the proposed changes in PD 3328 until January 1, 2010. Senator Young inquired about the proposed fee increase of \$2.

Senator Kruse offered the possibility of a new pension for all court officers.

Mr. Mark Goodpaster, Senior Fiscal Analyst of the Legislative Services Agency (LSA), addressed the issue of the proposed \$2 fee increase. He told the Commission members that the General Assembly created a court administration fee in 2005 to finance a series of new courts that were created that year. In 2008, the General Assembly increased the fee to \$5 to finance the added benefits for the Judges Retirement Fund. Now, increasing the court administration fee to \$7 would add another \$2 M to the state General Fund to pay for the added benefits coming from the Prosecuting Attorneys Retirement Fund.

Senator Young said that he wants to remove Marion County Small Claims Courts from PD 3328 and not have them pay for prosecutors' pensions.

Representative Niezgodski next discussed the implementation dates for PD 3328. He said that he would like a date of July 1, 2009, for the beginning of the new fee, and January 1, 2011, for the other changes to begin.

The Commission, by a vote of 8-0, recommended PD 3328, as amended, with the new fee collection beginning July 1, 2009, and an effective date of January 1, 2011, for the other changes, and the removal of the Marion County Small Claims Courts, for introduction in the 2009 session of the General Assembly.

PD 3292 - Public Employees' Retirement Fund (PERF) and Teachers' Retirement Fund (TRF) Divestment from State Sponsors of Terror

Copies of PD 3292 were distributed to the Commission (Exhibit 6). Senator Kruse cautioned the Commission about micro-managing the pension funds of the state. He said that the Sudan divestment was done two years ago and now the proponents for divestment are back again.

Mr. Allen Morford, Staff Attorney for LSA, explained PD 3292, including the time lines for identifying companies doing business in countries identified as state sponsors of terror, along with the time lines for divestment of these companies. Mr. Morford discussed exclusions from divestment from the companies. Mr. Morford also told the Commission that section 29 of PD 3292 allows both PERF and TRF to stop divesting if the value of the funds decreases by 0.5%. Senator Young questioned this practice. The Commission engaged in discussion of the public policy of divestment.

The Commission, by a vote of 8-0, recommended PD 3292, as amended, with the removal of section 29, for introduction in the 2009 session of the General Assembly.

Proposed Recommendations

Representative Niezgodski read proposed recommendation language contained in Exhibit 7 regarding worker classification. Senator Kruse proposed an amendment to page two, under number 2, of Exhibit 7, deleting the word bipartisan and changing the word "to" to "may".

The Commission, by a vote of 8-0, recommended Exhibit 7 as amended.

Commission member Mr. White commented that worker classification is a difficult area.

Representative Niezgodski read proposed recommendation language contained in Exhibit 8 regarding age discrimination. The word bipartisan was removed from the Exhibit 8.

The Commission, by a vote of 8-0, recommended Exhibit 8 as amended.

Other Business

Representative Niezgodski brought up the topic of the DROP (Deferred Retirement Option Program). He requested that the Legislative Services Agency study the DROP. Mr. Doug Todd explained how the DROP works.

Mr. Leo Blackwell of the Indiana Fraternal Order of Police raised a concern about the DROP and its expiration date and the language contained in HEA 1001 of the 2008 session of the General Assembly. Mr. Blackwell inquired as to whether the DROP is extended indefinitely or expires December 31, 2010. Mr. Blackwell said that he would work with LSA on the issue of the DROP.

Final Report

The Commission voted 8-0 to approve and adopt the final report with today's meeting included.

The Chair thanked everyone for participating with the Commission. Senator Young commended the Chair.

The Chair adjourned the meeting at 3:10 p.m.